# European courts mandate Scope 3 emissions in fossil fuel project approvals



Recent rulings from European courts affirm a significant shift in how the oil and gas industry must approach its environmental responsibilities, particularly regarding greenhouse gas emissions. The latest decision mandates that the greenhouse gas emissions resulting from the burning of fossil fuels—known as 'Scope 3' emissions—must be included in Environmental Impact Assessments (EIAs) for extraction projects. This landmark ruling, delivered by a European court, could potentially reshape the regulatory landscape for fossil fuel extraction across the continent.

The necessity to account for these emissions has gained momentum following a Scottish court's prior ruling in January 2025, which nullified approvals for major North Sea oil and gas projects by Shell and Equinor. Environmental advocates successfully argued that the original decisions overlooked the environmental impact of downstream emissions, leading to a declaration that such approvals were unlawful. The court's directive means that the affected projects cannot proceed until new assessments are made, aligning with broader legal trends emphasising thorough environmental scrutiny.

Climate activist Sarah Finch has been instrumental in this legislative evolution. After discovering that her local government in southeast England had approved an oil drilling project without accounting for millions of metric tons of emissions from burning the extracted oil, she took her case to the UK Supreme Court. The resultant ruling empowered the enforceability of emissions disclosure by developers, establishing a precedent that has already resulted in the cancellation of various fossil fuel projects. Finch views this shift as a crucial step towards more conscientious environmental evaluations in fossil fuel sector approvals.

As scrutiny intensifies, environmental organisations are gearing up for further legal challenges. Greenpeace has indicated its intention to possibly challenge the UK government's support for oil and gas developments in the North Sea, ostensibly arguing that recent public endorsements from officials may render new decisions susceptible to legal vulnerability. Both the Rosebank and Jackdaw projects, which have substantial implications for UK energy security, have come under particular scrutiny. The government maintains that it is focused on creating a balanced approach to energy, one that addresses climate concerns while prioritising economic stability and job retention.

However, amidst growing calls for accountability, there remains pushback from major companies in the sector. For instance, a Dutch appeals court recently overturned a previous ruling requiring Shell to reduce its carbon emissions significantly by 2030, highlighting a complex legal landscape where companies like Shell argue that they can still contribute to emissions reductions without specific mandates. The court decided that while companies have a duty of care to limit emissions, overly prescriptive targets might hinder broader climate goals. Shell welcomed this development, reiterating its commitment to achieving net-zero emissions by 2050, although environmentalists insist that such commitments must translate into action now, not later.

The intertwining of legal precedent, corporate responsibility, and environmental advocacy is establishing a new norm in energy policy, as countries grapple with the dual imperatives of energy security and climate action. As these cases progress, they will likely set vital precedents for how future energy projects are evaluated and approved, reshaping the trajectory of fossil fuel extraction in an increasingly climate-conscious world.

## Reference Map:

* Paragraph 1 – [[1]](https://carbon-pulse.com/401231/), [[2]](https://www.reuters.com/business/energy/uk-must-reconsider-shell-equinors-north-sea-gas-oil-projects-court-rules-2025-01-30/)
* Paragraph 2 – [[2]](https://www.reuters.com/business/energy/uk-must-reconsider-shell-equinors-north-sea-gas-oil-projects-court-rules-2025-01-30/), [[3]](https://time.com/7172514/sarah-finch-climate/)
* Paragraph 3 – [[3]](https://time.com/7172514/sarah-finch-climate/), [[4]](https://www.ft.com/content/fd9d350a-6a97-48c5-8aa3-250849cc7000)
* Paragraph 4 – [[5]](https://apnews.com/article/51e84d215df13f9c92edf84f301a673f), [[6]](https://www.reuters.com/sustainability/boards-policy-regulation/highlights-ruling-shells-climate-case-2024-11-12/)

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## Bibliography

1. <https://carbon-pulse.com/401231/> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/energy/uk-must-reconsider-shell-equinors-north-sea-gas-oil-projects-court-rules-2025-01-30/> - In January 2025, a Scottish court overturned the UK's approval of two major North Sea oil and gas projects by Shell and Equinor. Environmental groups argued that the approvals failed to account for downstream emissions, leading the court to declare the decisions unlawful and requiring new assessments. Despite ongoing work allowances, no extraction is permitted until new approvals are granted. The ruling aligns with a previous Supreme Court decision mandating the consideration of emissions from fossil fuel combustion, prompting the government to issue new guidance in the spring. Both Shell and Equinor emphasized the importance of these projects for UK energy security. The government aims for a balanced transition to cleaner energy while ensuring energy security, job retention, and cost reduction. Environmental groups urge prioritizing clean energy over fossil fuels.
3. <https://time.com/7172514/sarah-finch-climate/> - In 2019, Sarah Finch discovered that her local government in southeast England approved an oil drilling project without considering the 10 million metric tons of emissions from burning the extracted oil. Shocked by the omission of these 'scope 3' emissions, Finch, a climate activist, decided to challenge this decision in court. Representing the Weald Action Group, she pursued legal action. In June, the U.K. Supreme Court ruled in her favor, mandating that developers must disclose scope 3 emissions for fossil fuel projects, ensuring a complete assessment of environmental impacts for decision-makers. This landmark ruling has already influenced other legal actions, leading to the cancellation of various fossil fuel projects and forcing the government to revise environmental guidelines for the oil and gas sector. Finch hopes this signifies a shift towards more conscientious evaluation of climate impacts in approving such projects.
4. <https://www.ft.com/content/fd9d350a-6a97-48c5-8aa3-250849cc7000> - Greenpeace has indicated the possibility of launching a new legal challenge against the UK government's support for the Rosebank and Jackdaw oil and gas projects in the North Sea. Although both projects had received licenses and initial consent from the UK’s North Sea regulator, Scotland’s top civil court ruled in January 2025 that these consents must be reconsidered due to their climate impact, especially regarding Scope 3 emissions, as per the UK Supreme Court's Finch ruling. Greenpeace argues that recent public endorsements by Chancellor Rachel Reeves and Prime Minister Keir Starmer may constitute prejudgment, rendering new decisions legally vulnerable. The environmental group has demanded all government correspondence related to the projects since January 1 and is reserving its legal position. The projects, led by Equinor, Ithaca Energy, and Shell, are significant for the UK’s energy sector, with Rosebank being the country's largest untapped oil reserve. The government has stated it cannot comment on specific projects but aims to provide revised guidance that balances environmental goals with economic and job considerations. Developers are awaiting this guidance before reapplying for consent.
5. <https://apnews.com/article/51e84d215df13f9c92edf84f301a673f> - A Dutch appeals court has overturned a landmark 2021 ruling that required Shell to reduce its carbon emissions by 45% by 2030 from 2019 levels. This decision is a setback for Friends of the Earth Netherlands and other environmental groups that had celebrated the original ruling. The court affirmed that Shell has a duty of care to limit emissions but found insufficient consensus in climate science to mandate specific reduction percentages for the company. Shell welcomed the decision, emphasizing its commitment to a net-zero emissions target by 2050. Friends of the Earth director Donald Pols expressed disappointment but remained resolute in the ongoing fight against climate change, highlighting that the effort is a marathon, not a sprint. The ruling coincides with global climate discussions at a U.N. conference in Azerbaijan.
6. <https://www.reuters.com/sustainability/boards-policy-regulation/highlights-ruling-shells-climate-case-2024-11-12/> - A Dutch appeals court dismissed a 2021 ruling that had ordered Shell to accelerate its carbon reduction efforts, upholding the company's current approach. The court reaffirmed that companies have a human rights obligation to reduce greenhouse gas emissions, despite not specifying a reduction percentage that Shell should achieve by 2030. Although reductions in Shell's direct emissions, Scope 1 and 2, align with climate activist demands, the court found general targets for Scope 3 emissions, which involve end-product usage, unhelpful and potentially counterproductive. Shell CEO Wael Sawan welcomed the decision, emphasizing progress in emission reduction strategies, while Friends of the Earth Netherlands expressed disappointment, urging continued climate action.